

Report for: Cabinet 11th February 2020

Title: Asset Management Plan

Report authorised by : Dan Hawthorn, Director of Housing, Regeneration & Planning

Lead Officer: Christine Addison, Assistant Director for Capital Projects & Property (interim)

Ward(s) affected: All

Report for Key/ Non-Key Decision: Key

1. Describe the issue under consideration

- 1.1. The report presents the Council's new Asset Management Plan for the period 2020-25 and recommends its adoption.
- 1.2. The CIPFA Strategic Asset Management Framework of August 2018 includes an expectation that councils prepare an Asset Management Plan alongside their capital strategies for the 2020/21 municipal year. The Asset Management Plan will set out an overarching strategy for the use of Council property and land to support the delivery of the Council's Borough Plan and Council services. It will provide a baseline on property and land matters and supports the capital investment decisions identified in the capital strategy / MTFS. It will sit alongside the Council's Capital Strategy and Capital Programme for 2020/21 – 2024/25 and future updates.

2. Cabinet Member Introduction

- 2.1. This report provides an overview of the Council's Asset Management Plan which will cover a five-year period from 2020-2025.
- 2.2. The Asset Management Plan (AMP) is an important tool in achieving the Council's policy and service ambitions. The AMP is part of the capital strategy and is the context for capital investment decisions, setting out major initiatives and priorities for capital investment, as well as investment required for compliance and carbon management planning.
- 2.3. The plan's focus is how the Council uses its land and property assets to deliver its Borough Plan priorities. This plan is an overview and includes a number of important principles and plans which are in place now. The plan also includes the Council's new Disposals and Acquisitions Policy. In some areas there is more to do, so the outcome of further work and future decisions will be incorporated in the first annual review of the plan.

3. Recommendations -

That Cabinet agrees:

- 3.1. To adopt the Asset Management Plan 2020-2025 (“AMP”) summarised at paragraph 6 and as attached as the Appendices 1 and 2 of this report.
- 3.2. To agree the Acquisitions and Disposals Policy set out in Appendix 1 (main AMP) section ‘Acquisitions, Disposals and Void Property’ and as summarised at paragraphs 6.4 – 6.5.
- 3.3. To agree the strategic recommendations of the commercial portfolio review set out in Appendix 1 (main AMP) section ‘Commercial Portfolio’ and as summarised in paragraph 6.6 and 6.7.

4. Reasons for decision

- 4.1. In August 2018, the Chartered Institute of Public Finance & Accounting (CIPFA) published its Strategic Asset Management Framework guidance for local authorities. The proposal to adopt and publish an Asset Management Plan as part of the 2020/21 budget strategy to ensure that the Council uses its land and property assets effectively to deliver its service and Borough Plan priorities is an important part of ensuring that the Council complies with that guidance.

5. Alternative Options

- 5.1. If the Council does not publish an Asset Management Plan there will be a gap in the budget strategy for 2020/21 to 2023/24. The publication of an AMP is a requirement of CIPFA.

6. Background

- 6.1. CIPFA has published a Strategic Asset Management Framework guidance for the Council to publish an AMP as part of the 2020/21 budget strategy. The AMP is therefore being developed in two stages to allow for operational areas to finalise their service plans during 2020/21 which the second stage of AMP will refer.
- 6.2. Property assets are one of the Council’s most significant resources. The Asset Management Plan is intended to demonstrate efficient use of assets and that property is effectively managed and fit for purpose; and to help identify the pipeline for future investment and capital delivery to improve spend rates.
- 6.3. The Asset Management Plan forms part of the Council’s Capital Strategy as part of the Budget Setting at February 2020 Cabinet. The plan lasts for five years but includes an annual review. The plan will be used to:
 - help guide decision making about capital investment decisions in Council property to support Council objectives
 - help identify land or property which is surplus to requirements for current purposes and help guide decisions about future use of land or property
 - support decisions on acquisitions and disposals; and

- indicate where reviews will be required to ensure best use of assets in the future.
- 6.4. The Acquisitions and Disposals Policy principles are set out in the AMP section 'Acquisitions, Disposals and Void Property'
- 6.5. There are a number of proposed principles for decisions when acquiring or disposing of property;
- that the Council considers the contribution to delivering its Borough Plan priorities in any decision to acquire or dispose of property or land assets.
 - that the Council will not dispose of any land unless doing so clearly contributes to delivering Borough Plan priorities or MTFs outcomes. In any circumstances of a disposal the Council will give due consideration of the options to dispose freehold or leasehold and therefore consider lease duration periods.
 - the Council will dispose of property in circumstances where it is uneconomic to retain it or where there is no credible (including a financial business case) service or community case to continue its use.
 - the Council has a strong preference for developing its own land and will consider meanwhile uses pending development in order to maximise effective use of its assets over time.
 - the Council is prepared to acquire land as part of the land assembly for a development proposal if this allows the Council to control the pace and content of development in the interest of delivering Borough Plan priorities.
 - any proposal to dispose or acquire must be deliverable and in line with the Council's budget strategy, including any commitment to increase income, the Asset Management Plan, the Capital Strategy and in conformity to the CIPFA Prudential Property Investment Guidance.
- 6.6. The strategic recommendations of the commercial portfolio review are identified in the AMP under section 'Commercial Portfolio'
- 6.7. The key recommended principles in the commercial portfolio review are;
- to acquire head leases of industrial properties if available, if of economic benefit, where the Council is Freehold owner; and subject to a robust business case.
 - to acquire freehold interest in industrial property if available, if of economic benefit, where the Council is head lessee; and subject to a robust business case.
 - to review the performance of the commercial portfolio office accommodation over the course of 2020/21.
 - to commence a review of the commercial retail portfolio and to integrate with a review of the Council's proposed Accommodation Strategy / Locality Strategy and to Community Wealth Building considerations.
- 6.8. The AMP includes:

- Asset Management Plans for operational services, including prioritised areas for investment reflecting the Borough Plan and MTFs requirements;
- Asset Management Plan to show the pipeline of land for council housing programme delivery;
- Cross-cutting themes which impact on assets and future investment e.g. carbon, accessibility;
- Policies to support decision making about assets e.g. disposals and acquisitions policy;
- Identifying areas for future review and decisions e.g. commercial property portfolio reviews, the accommodation strategy and the community assets review (integrating services in localities for better outcomes).

6.9. The objectives of the asset management plan are:

- to ensure property and land assets support the Council's Borough Plan objectives including considering use of land for the council housing growth programme and ensuring council assets are used to support economic growth;
- to create a strategic framework for asset management to be able to support decisions about prioritising capital investment;
- to ensure the Council's operational assets are fit for purpose for service delivery and that assets are reviewed at locality level with partners to improve service provision in communities.
- to reduce the Council's environmental impact arising from its asset use or development;
- maximising income opportunities and reduce asset running costs to support the MTFs;
- to ensure that our property is in good condition and compliant with all relevant health and safety requirements, equalities and access policy and standards to ensure accessible for people with disabilities.
- to ensure that during 2020/21 the AMP will develop an integrated capital strategy to incorporate outcomes of service area plans.
- to highlight the need to develop an access policy and guidance.

6.10 Following the adoption of the Asset Management Plan, as recommended here, a number of further reviews will be completed or take place during 2020/21 include:

- Children's Service estate strategy - major investment
- Commercial Property review of sector portfolios for industrial, retail and office space
- Community Assets Review - to support integrated working for better outcomes
- Access to Council Buildings Policy

The outcome of these reviews will be reflected in the next iteration of the plan.

7. Contribution to Strategic Outcomes

- 7.1. The Council is required to publish an Asset Management Plan by CIPFA, in 2020 and not doing so could affect the quality of the Council's budget strategy and future decision making about assets and a fully extended AMP with service plans by early 2021.

8. Statutory Officers comments (Chief Finance Officer (including procurement), Assistant Director of Corporate Governance, Equalities)

8.1. Finance

- 8.2. The Council's current property estate includes a wide range of land and buildings with a total value (for accounting purposes) as at 31st March 2019 of £2.377 billion, comprising £1.342 billion held in the Housing Revenue Account (HRA) and £1.035 billion held in the General Fund Account (GF). Within the GF assets, nearly £0.752 billion worth of assets are used for service operational purposes and just over £0.065 billion are held for non-operational purposes (i.e. lettings to businesses and community groups). The remainder is made up of community assets (parks, open spaces, transport infrastructure and plant vehicles/equipment). The proposed capital strategy being considered elsewhere on the agenda includes a proposed General Fund capital programme of £838m and a Housing Revenue Account capital programme of £1,015m for the period 2020/21-24/25. This level of budgeted activity will require the application of a considerable project management resource to be achieved.

- 8.3. The inclusion of a scheme in the capital programme is not an immediate authority to spend. A large proportion of the capital programme requires the completion of a satisfactory business case prior to the release of capital funding. The business case serves to validate the high-level assumptions used in the compilation of the capital programme.

8.4. Legal

The purpose of an Asset Management plan is to ensure that the Council uses and manages its asset portfolio to meet its needs and objectives. It is good practice for the Council to have an Asset Management Plan and recommended by CIPFA.

There are no legal reasons why the recommendations cannot be approved.

8.5. Equality

The Council has a Public Sector Equality Duty under the Equality Act (2010) to have due regard to the need to:

- Eliminate discrimination, harassment and victimisation and any other conduct prohibited under the Act;

- Advance equality of opportunity between people who share those protected characteristics and people who do not;
- Foster good relations between people who share those characteristics and people who do not;

The three parts of the duty apply to the following protected characteristics: age, disability, gender reassignment, pregnancy/maternity, race, religion/faith, sex and sexual orientation. Marriage and civil partnership status applies to the first part of the duty;

The proposed decision is to approve the Asset Management Plan 2020-25 and to approve the development of a number of underpinning policies as set out at section 3. The primary purpose of the Asset Management Plan is to ensure property and land assets support, and that decisions are aligned to the Council's Borough Plan objectives. These objectives are designed to reduce existing inequalities, advance equality of opportunity, and foster good relations among Haringey's communities. To the extent that the Asset Management Plan supports the achievement of the Borough Plan objectives it will enable Haringey Council to meet its public sector equality duty.

It is notable that the Asset Management Plan will help to ensure the Council meets its ambitions in relation to maximising housing growth and delivering Council homes, achieving local economic outcomes, reducing carbon emissions, and regeneration activities, These programmes are individually subject to assessment for their impact on residents who share the protected characteristics, and these Equality Impact Assessments are published on the Council website. These activities have been designed with the Council's public sector equality duty in mind and address social, economic, and environmental inequalities. Therefore, the Asset Management Plan enables the Council to eliminate discrimination, advance equality of opportunity and foster good relations.

It is notable that the report approves to a policy on Access to Buildings being developed. This policy will help to ensure that steps are taken to meet the needs of individuals with disabilities and health conditions where these differ to those of others.

If Cabinet is asked to approve any policies that underpin the Asset Management Plan at a later date these policies will be subject to screening for equalities impact and equalities impact assessment where appropriate.

9. Use of Appendices

- 9.1. Appendix 1: Asset Management Plan
- 9.2. Appendix 2: Appendix to Asset Management Plan that includes technical financial background and asset listing data.

10. Local Government (Access to Information) Act 1985

This report contains no exempt information.

